

CITY OF NEWPORT BEACH
PLANNING COMMISSION STAFF REPORT

August 22, 2013 Meeting
Agenda Item No. 5

SUBJECT: Housing Element Update - (PA2012-104)
100 Civic Center Dr., Newport Beach
▪ General Plan Amendment No. GP2012-004

APPLICANT: City of Newport Beach

PLANNER: Jaime Murillo, Senior Planner,
949-644-3209 jmurillo@newportbeachca.gov

Melinda Whelan, Assistant Planner
949-644-3221 mwhelan@newportbeachca.gov

PROJECT SUMMARY

An amendment of the Newport Beach General Plan updating the Housing Element for the years 2014 through 2021. The Housing Element is one of the mandatory elements of the General Plan, and State law requires it to be updated periodically. The Newport Beach Housing Element details the City's strategy for enhancing and preserving the community's character and identifies constraints to the development of housing. It also identifies strategies for expanding housing opportunities and services for all household types and income groups. Most importantly, it provides the primary policy guidance for local decision-making related to housing. The draft 2014-2021 Housing Element (Draft) is an update and revision of the adopted 2008-2014 Housing Element and it contains updated community data, policies, and programs.

The 2014-2021 Housing Element is accessible online at <http://www.newportbeachca.gov/housingelementupdate>.

RECOMMENDATION

- 1) Conduct a public hearing; and
- 2) Adopt Resolution No. ____ recommending adoption of the 2014-2021 Housing Element Update to the City Council (Attachment No. PC 1).

INTRODUCTION

The State Department of Housing and Community Development (HCD) is required by State law to review the Housing Element and determine whether or not it complies with State Housing Element law. The City's final Draft has been reviewed by HCD and they have issued a letter stating their intent to find it compliant with State Law once the final Draft is adopted by City Council (Attachment No. PC 2).

Background

On April 18, 2013, the Planning Commission reviewed the initial Draft and recommended that the City Council authorize submission to HCD. On May 14, 2013, the City Council approved submission of the Draft to HCD for review with a change to remove the Inclusionary Housing Program (Housing Program 2.2.1). The Council determined that it is appropriate to remove the Inclusionary Housing Program at this time because the Regional Housing Needs Assessment (RHNA) assigned to the City had been significantly reduced to a total projected housing need of five units. Also, since the adoption of the Inclusionary Housing Program the City has pursued other programs to help facilitate the development of the City's existing and projected housing needs, such as the adoption of Residential Development Overlay standards in the Newport Place Planned Community District of the Airport Area, promotion of density bonuses and promotion of senior accessory dwelling unit allowances. The City is also projected to have an in-lieu fund balance of \$4.5 million by fiscal year 2014, from previously approved projects subject to the inclusionary ordinance. This fund will assist with the production, rehabilitation, or preservation of affordable housing during this planning period.

Staff submitted the Draft for a streamlined review to HCD. Pursuant to a conference call with HCD on June 24, 2013, HCD had minor comments that were subsequently addressed by staff via email and reviewed by the City's Affordable Housing Task Force. The changes were as follows:

1. Public Outreach Documentation – The interest list used for public outreach during the update process, including public workshops, public meetings, etc. has been added to the Housing Element as Appendix H1. Appendices previously titled H1, H2, and H3 were revised as H2, H3, and H4 accordingly.
2. Pre-Approved Incentives – Revise Housing Program 3.1.3 requiring the preparation of a list of pre-approved incentives for building Affordable Housing.
3. Promotion of Senior Accessory Units – Added to the objective of Housing Program 5.1.3 committing to the preparation of promotional materials by Spring 2014.

4. Developmental Disabilities – Created Housing Program 5.1.8 to implement an outreach program with the Regional Center of Orange County to inform families within the City of housing and services available for persons with developmental disabilities.

With these changes, on July 12, 2013, HCD preliminarily approved the City's Draft. Following City Council adoption of the Draft, the City will be found in full compliance with State Housing Element Law.

DISCUSSION

The Housing Element is divided into two (2) major sections and includes all of the necessary information and analysis as required by State law. The complete document, including versions illustrating strike-outs and revisions is found online at <http://www.newportbeachca.gov/housingelementupdate>. The following is an outline of the Housing Element Sections:

1. Community Housing Market Analyses

- *Housing Stock Characteristics* – Provides data on residential growth and dwelling unit type, including statistics on residential densities, tenure, vacancies, and type of housing within the City. This section also provides information on assisted housing stock at risk of conversion to market rate units (page 5-8).
- *Analysis and Projection of Population and Employment* – Provides statistics and projections on populations and employment as they relate to housing projections (pages 5-22 and 5-32).
- *Household Characteristics* – Provides information on ethnicity, household income, and the cost of housing including rentals (page 5-25).
- *Analysis of Special Population Groups* – Provides information on the special needs population groups within the City, including students, elderly, disabled, farm workers, female head of household, and the homeless (page 5-35).
- *Analysis of Housing Need* – In accordance with State Housing Element law, the Southern California Association of Governments (SCAG) has prepared a Regional Housing Needs Assessment (RHNA) to identify the regional housing needs for each jurisdiction within the SCAG region. The RHNA is summarized below in this report and is found on page 5-44 in the Draft.
- *Inventory of Land Suitable for Residential Development* - An inventory and description of land determined suitable for residential development that can realistically be developed within the planning period (2014-2021) and

sufficient to meet the City's total RHNA. A detailed, parcel-specific analysis, inventory, and maps of available and suitable sites is included as Appendix H4.

- *Analysis of Opportunities for Energy Conservation* – Provides information on how the City is maintaining current energy conserving design innovations and state standards (page 5-78).
- *Nongovernmental Constraints to Housing Production* – This discussion describes nongovernmental constraints to housing production including community attitudes, financial, construction and land costs, and environmental considerations (page 5-79).
- *Governmental Constraints to Housing Production* – Outlines City and other governmental constraints on housing, including land use controls (zoning), building codes and their enforcement, site improvements, fees, and local processing procedures (page 5-81).

2. Housing Goals and Policies, Quantified Objectives, and Programs

- *General Review of 2008-2014 Housing Element and Housing Activities* – A review of the appropriateness and accomplishments of goals, policies, and programs of the 2008-2014 Housing Element in contributing to the attainment of the previous local and state housing goals (page 5-98).
- *Year 2014-2021 Housing Plan* - Quantifies the City's goals for the number of units that can be constructed, rehabilitated, and conserved during the 2014-2021 planning period (page 5-125).
- *Newport Beach Housing Element: Goals, Policies, and Programs* - Proposed goals and policies that address the City's anticipated housing needs during the tenure of this Housing Element (2014–2021) and are implemented by a series of Housing Programs. These Programs prescribe specific actions the City of Newport Beach will take during the tenure of this Housing Element. The Housing Programs are discussed further in the *Housing Programs* section of this report (page 5-128).

City of Newport Beach Regional Housing Needs Assessment

State law requires that local jurisdictions accommodate a share of the projected housing need to accommodate the growth of the region. This share is identified by the Regional Housing Needs Assessment (RHNA) and is established by the Southern California Association of Governments (SCAG). State law mandates that jurisdictions provide zoning of sufficient land at adequate densities to accommodate a variety of housing opportunities to meet the RHNA. Meeting the RHNA provides a critical basis for determining the adequacy of a Housing Element. Actual construction of the housing units is not mandated by law; however, local jurisdictions must implement identified

programs and policies in support of housing production for all economic segments of the community.

For the upcoming 2014-2021 planning period, SCAG based the City's RHNA allocation accounting for unique market conditions attributable to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. The following table illustrates the City's RHNA by income categories for the 2014-2021 planning period:

TOTAL HOUSING NEED BY INCOME, 2014-2021				
Very Low	Low	Moderate	Above Moderate	Total
1 unit	1 unit	1 unit	2 units	5 units
20%	20%	20%	40%	100%

Sites Analysis and Inventory

In accordance with Government Code Section 65583(a)(3) and 65583.2, the Housing Element must provide an inventory and description of land determined suitable for residential development that can realistically be developed within the planning period and sufficient to meet the City's total RHNA identified in the table above. A detailed, parcel-specific analysis and inventory, including maps, of available and suitable sites (Sites Analysis and Inventory) was previously prepared for the current Housing Element and current RHNA requirements. Although the inventory illustrates housing opportunities that now significantly exceed the new RHNA allocation of five units, it continues to remain relevant to illustrate the significant opportunities that continue to exist in the City that were created as part of the General Plan Update in 2006. The analysis and inventory is included in the Draft with a summary found on page 5-46 and a detailed inventory in Appendix H4. The Sites Analysis and Inventory is organized by the key opportunity areas within City (i.e., Banning Ranch, Corona del Mar, West Newport Mesa, Mariner's Mile, Balboa Peninsula, Dover Dr./Westcliff Dr., Newport Center, and the Airport Area).

The Sites Analysis and Inventory also serves as a useful tool to promote housing opportunity sites to potential residential housing developers pursuant to Housing Program 3.2.3 and is maintained on the City's webpage.

Housing Programs

The goals, policies and programs are the most important component of the Housing Element. The goals provide the end result sought by the City; the policies provide language to assist in decision making and describe general courses of action to be taken to achieve the goal; the programs are specific activities that will be maintained or

undertaken and are necessary to implement a given policy to make the goal a future reality.

Table H40 (page 5-103) provides an overview of the accomplishments associated with each program and whether the program remains appropriate to retain. The goals adopted in the Housing Element have not been revised; however, in order to more effectively achieve those long-range goals, the previously adopted housing programs have been revised and only a few new housing programs have been incorporated. Programs that have been completed or deemed no longer necessary have been eliminated.

Several programs remain appropriate and will continue as programs with objectives to yield the following results: promotion of the density bonus incentive provisions of the Zoning Code; maintenance of the residential development overlay in the Airport Area; financial assistance to the homeless and special needs service providers; financial assistance to a fair housing service provider; and development incentives for affordable housing projects.

New or revised programs include the identification of the need for a potential housing rehabilitation program while investigating the use of grants or loans to fund such a potential program if a significant need is identified (Housing Program 1.1.2); promoting the Residential Building Records Program to reduce and prevent residential violations (Housing Program 1.1.4); developing a pre-approved list of incentives and qualifications for such incentives to promote the development of affordable housing (Housing Program 3.1.3); promoting and facilitating the development of senior accessory dwelling units (Housing Program 5.1.3); promoting senior citizen independence through supporting housing services related to in-home care, meal programs, counseling, maintenance of the Oasis Senior Center and its programs (Housing Program 5.1.7), and creating a program for persons with developmental disabilities (Housing Program 5.1.8) A complete list of the all of the Housing Goals, Policies, and Programs are on pages 5-128 through 5-144 of the Draft.

Public Outreach

Public Workshops

In preparation of the 2014-2021 Draft Housing Element, staff held two public workshops. The first workshop was held on November 14, 2012, to solicit input from members of the community and other housing stakeholders regarding the City's needs, constraints, and goals related to housing prior to preparing the initial draft revisions. The second workshop was held on March 27, 2013, to formally present the Draft Housing Element to the public. Staff shared changes in housing data and the effectiveness of housing programs from the current Housing Element. Staff also discussed the appropriateness of maintaining current programs with meeting

participants and explained proposed program revisions. Valuable input was received from those who attended the workshops.

Planning Commission - April 18, 2013

The Draft was presented to the Planning Commission on April 18, 2013. The Building Industry Association of Orange County (BIA) submitted a letter and provided oral comments requesting that the City remove the Inclusionary Housing Program (Deleted Program 2.2.1). After extensive discussion, the Planning Commission voted to keep the inclusionary housing program within the Draft. In addition to the inclusionary housing discussion, a number of typographical errors and clarifications were presented by members of the public and the Planning Commission, including a request to change the term “elderly” to “senior” throughout the document. These revisions are included in the final Draft. The minutes from this meeting are found in Attachment No. PC 3.

Affordable Housing Task Force - April 25, 2013

An overview of the Draft Housing Element was also presented to the Affordable Housing Task Force on April 25, 2013. Staff provided a detailed summary of the update, discussed proposed revisions to the housing programs, and discussed the various issues raised at the public workshops and Planning Commission meeting. In conclusion, they indicated their general agreement with the proposed update and revisions to the Housing Element.

City Council - May 14, 2013

The Draft was presented to the City Council on May 14, 2013 with a recommendation from the Planning Commission to submit the Draft to HCD. Discussion ensued regarding the aforementioned BIA letter and the necessity of retaining the Inclusionary Housing Program. The Council shared a concern that it was no longer necessary. Based on the increased financial constraints due to the Inclusionary Housing Program and the availability of other programs and resources for the production of affordable housing, it was determined that it was appropriate to remove the Inclusionary Housing Program. The Council approved the motion to remove the Inclusionary Housing Program and submit the Draft to HCD. The minutes from this meeting are found in Attachment No. PC 4.

Affordable Housing Task Force - June 24, 2013

Staff returned to the Task Force and provided a status on the update including the minor changes suggested by HCD during their streamlined review.

Availability of Documents

Throughout the Housing Element update process, the City has posted, and will continue to post, Draft Housing Element documents and presentation materials on the website to facilitate the review by residents and interested parties. Copies of the Draft Housing Element were also made available for review at City Hall.

Environmental Review

All significant environmental concerns for the proposed project have been addressed in a previously certified Negative Declaration (ND) SCH No. 2011091088 for the 2008-2014 Housing Element Update. The 2014-2021 Housing Element is a minor revision and update with no new analysis required. The ND uses and incorporates by reference the environmental analysis from the City of Newport Beach Environmental Impact Report General Plan 2006 Update SCH No. 2006011119, certified on July 25, 2006. The ND indicates that the Housing Element Update will not result in a significant effect on the environment and further that there are no additional alternatives or mitigation measures that should be considered in conjunction with said project. Copies of the previously prepared environmental document are available for public review and inspection at the Planning Division or at the City of Newport Beach website under Archived Environmental Documents at www.newportbeachca.gov/cegadocuments.


Public Notice

Notice of this hearing was published in the Daily Pilot, posted at City Hall a minimum of 10 days in advance of this hearing consistent with the Municipal Code, and emailed to all parties that have signed up to receive notification of the Housing Element Update. Finally, the item appeared upon the agenda for this meeting, which was posted at City Hall and on the city website.

Prepared by:


Jaime Murillo, Associate Planner

Submitted by:


Brenda Wisneski, AICP, Deputy Director

Prepared by:


Melinda Whelan
Assistant Planner

ATTACHMENTS

- PC 1 Draft Resolution
- PC 2 HCD Approval Letter
- PC 3 April 18, 2013 Planning Commission Minutes
- PC 4 May 14, 2013 City Council Minutes

Attachment No. PC 1

Draft Resolution

RESOLUTION NO.

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF NEWPORT BEACH RECOMMENDING ADOPTION OF THE 2014-2021 HOUSING ELEMENT UPDATE TO THE CITY COUNCIL (PA2012-104)

THE PLANNING COMMISSION OF THE CITY OF NEWPORT BEACH HEREBY FINDS AS FOLLOWS:

SECTION 1. STATEMENT OF FACTS.

1. Section 65580 of the California Government Code finds and declares that the availability of housing is of vital statewide importance and that early attainment of decent housing and a suitable living environment for every California family is a priority of the highest order.
2. The Housing Element is mandated by Sections 65580 to 65589 of the Government Code. State Housing Element law requires that each city and county identify and analyze existing and projected housing needs within their jurisdiction and prepare goals, policies, and programs, and quantified objectives to further the development, improvement, and preservation of housing.
3. The Housing Element is one of the mandatory elements of the General Plan, and State law requires it to be updated periodically.
4. In preparation of the 2014-2021 Housing Element, staff held two (2) public workshops on November 14, 2012, and on March 27, 2013.
5. A public hearing was held by the Planning Commission on April 18, 2013 in the City Hall Council Chambers, 100 Civic Center Dr., Newport Beach, California. A notice of time, place, and purpose of the meeting was given in accordance with the Newport Beach Municipal Code. Evidence, both written and oral, was presented to, and considered by, the Planning Commission at this meeting. The Planning Commission recommended that the City Council authorize submission of the initial draft of the 2014-2021 Housing Element to the Department of Housing and Community Development (HCD).
6. A public hearing was held by the City Council on May 14, 2013, in the City Hall Council Chambers, 100 Civic Center Dr., Newport Beach, California. A notice of time, place, and purpose of the meeting was given in accordance with the Newport Beach Municipal Code. Evidence, both written and oral, was presented to, and considered by, the City Council at this meeting. Based on the discussion and actions of the City Council, City staff was authorized to submit a draft of the 2014-2021 Housing Element to (HCD).
7. On May, 24, 2013, a draft of the 2014-2021 Housing Element was submitted to HCD for a streamlined review.

8. On July 12, 2013, HCD issued a letter finding that with the minor revisions the draft 2014-2021 Housing Element meets the statutory requirements of State Law. City staff incorporated the minor revisions recommended by HCD to the 2014-2021 Housing Element. A copy of the draft 2014-2021 Housing Element is on file at the Community Development Department.
9. A public hearing was held by the Planning Commission on August 22, 2013, in the City Hall Council Chambers, 100 Civic Center Dr., Newport Beach, California. A notice of time, place, and purpose of the meeting was given in accordance with the Newport Beach Municipal Code. Evidence, both written and oral, was presented to, and considered by, the Planning Commission at this meeting.

SECTION 2. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION.

1. All significant environmental concerns for the proposed project have been addressed in a previously certified Negative Declaration (ND) SCH No. 2011091088 for the 2008-2014 Housing Element Update, and that the City of Newport Beach intends to use said document for the above noted project. The ND uses and incorporates by reference the environmental analysis from the City of Newport Beach Environmental Impact Report General Plan 2006 Update SCH No. 2006011119, certified on July 25, 2006. The ND indicates that the Housing Element Update will not result in a significant effect on the environment and further that there are no additional alternatives or mitigation measures that should be considered in conjunction with said project. Copies of the previously prepared environmental document are available for public review and inspection at the Planning Division or at the City of Newport Beach website under Archived Environmental Documents at www.newportbeachca.gov/ceqadocuments.

SECTION 3. DECISION.

NOW, THEREFORE, BE IT RESOLVED:

1. The Planning Commission of the City of Newport Beach does hereby recommend that the City Council approve General Plan Amendment No. GP2012-004 adopting the 2014-2021 Housing Element.

PASSED, APPROVED AND ADOPTED THIS 22nd DAY OF AUGUST, 2013.

AYES:

NOES:

ABSTAIN:

ABSENT:

BY: _____
Bradley Hillgren, Chairman

BY: _____
Kory Kramer, Secretary

DRAFT

Attachment No. PC 2

HCD Approval Letter

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911/ FAX (916) 327-2643
www.hcd.ca.gov



July 12, 2013

Ms. Kimberly Brandt, Director
Community Development Department
City of Newport Beach
3300 Newport Boulevard
Newport Beach, CA 92658

Dear Ms. Brandt:

RE: Review of the City of Newport Beach's 5th Cycle (2013-2021) Draft Housing Element Update

Thank you for submitting the City of Newport Beach's draft housing element update received for review on May 24, 2013, along with additional revisions received on July 9th, 2013. Pursuant to Government Code Section 65585(b), the Department is reporting the results of its review.

The Department conducted a streamlined review of the draft housing element based on the City meeting eligibility criteria detailed in the Department's Housing Element Update Guidance. The review was facilitated by a telephone conversation on June 24, 2013 and various other communications with Mr. Jamie Murillo, Ms. Melinda Whelan, and Mr. James Campbell, of your staff. In addition, the Department considered comments from the Kennedy Commission pursuant to Government Code Section 65585(c).

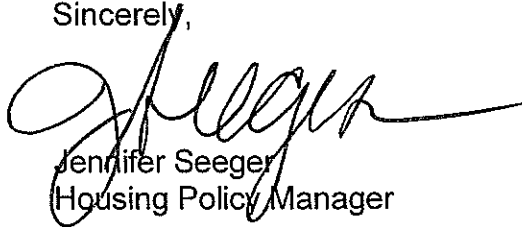
The draft element addresses the statutory requirements of State housing element law. For example, the element demonstrates adequate sites to accommodate the regional housing need. As a result, the element will comply with Article 10.6 of the Government Code once adopted and submitted to the Department, pursuant to Section 65585(g).

Senate Bill 375 (Chapter 728, Statutes of 2008) added Section 65588(e)(4) regarding timely adoption of the housing element. Localities on an eight-year planning period that do not adopt the housing element within 120 calendar days from the statutory due date (October 15, 2013 for SCAG localities) are required to revise the housing element every four years until adopting at least two consecutive revisions by the statutory deadline. For more information on adoption requirements, please visit the Department's website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/he_review_adoptionsteps110812.pdf.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

The Department appreciates the hard work of Mr. Murillo and Ms. Whelan throughout the review of the housing element and looks forward to receiving Newport Beach's adopted housing element. If you have any questions or need additional technical assistance, please contact Melinda Coy, of our staff, at (916) 263-7425.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Seeger", with a long horizontal flourish extending to the right.

Jennifer Seeger
Housing Policy Manager

Attachment No. PC 3

April 18, 2013 Planning Commission
Minutes

detailed definition for the phrase "predominant line of development" that would be wholly ignored if the concept of a stringline were to take precedent. Given that the inconsistency between the concept of a stringline and the concept of a predominant line of development appeared in the same policy, he did not believe it was proper to use a stringline type of analysis when the same houses under the same circumstances were previously approved by staff based upon a predominant line of development.

In response to an inquiry from Commissioner Kramer, Ms. Mulvihill clarified the approach considering that there are two properties. She also stated that when the development determination was made previously, it was made clear that it was being done under an interim ordinance, which would be terminated as soon as the Zoning Code was adopted and updated. She stated that it is staff's and the City Attorney's office position that to go beyond adjacent corners of existing structures, is not consistent with the General Plan or Coastal Land Use Plan.

Discussion followed regarding the application process for considering the two properties together as a whole.

Chair Toerge acknowledged the difficulty of the issues with this case and commented on the previous determination and the need for fairness to the community and consistency. He acknowledged that times change, codes change, and that development permits have time limits on them. He requested additional vertical view analysis of the two properties with proposed development. Chair Toerge identified that he would not have supported the prior Planning Director's determination had it come before the Planning Commission. Based on his review of the application, he identified that he felt staff's recommendation would be the most fair to the community.

Motion made by Chair Toerge and seconded by Commissioner Kramer and carried (6 – 1), to accept staff's recommendation and adopt a resolution, modifying the decision of the Community Development Director establishing canyon development stringlines for principal and accessory structures at 312 Hazel Drive pursuant to General Plan Policy NR23.6 and Coastal Land Use Plan Policy 4.4.3-18; and adopt a resolution, modifying the decision of the Community Development Director and establishing canyon development stringlines for principal and accessory structures at 316 Hazel Drive pursuant to General Plan Policy NR23.6 and Coastal Land Use Plan Policy 4.4.3-18, incorporating the correct meeting date into the resolutions.

Vice Chair Hillgren expressed his hope that the matter will result in an appropriate policy to address this matter and asked for a summary of an appropriate policy in a couple of sentences. He acknowledged the goal to be judicious about where development occurs and that he could not come to any conclusion as to how the prior development determinations were made.

Chair Toerge addressed an upcoming meeting of the General Plan/Local Coastal Program Implementation Plan Committee where canyon development policies will be addressed.

AYES: Ameri, Brown, Hillgren, Kramer, Myers, and Toerge
NOES: Tucker

RECESS AND RECONVENE

Chair Toerge called for a recess at 9:29 p.m. The assembly reconvened at 9:40 p.m. with all Members, present.

ITEM NO. 5 2014-2021 HOUSING ELEMENT UPDATE (PA2012-104) **Site Location: Citywide**

Chair Toerge reported receiving late correspondence regarding the aforementioned item and stated that he did not have sufficient time to review all of the information provided.

Motion made by Commissioner Kramer, to continue the item until the next regular meeting of the Planning Commission.

Commissioner Tucker reported reviewing the information and suggested discussing the issue.

Associate Planner Jaime Murillo commented on the need to maintain the timeline for consideration of the item by other groups and jurisdictions in order to meet the required deadline and the consequences of not meeting the deadline.

Ms. Mulvihill reported reviewing the supplemental communication and stated that the City Attorney's office does not feel that there is anything in the Building Industry Association letter that would prevent the Planning Commission from taking action at this time.

Chair Toerge commented on the importance of establishing a policy that information to be considered at a public hearing needs to be submitted in a fashion that would allow the Planning Commission to review it.

Secretary Ameri seconded the motion on the floor.

Substitute Motion made by Commissioner Tucker, to have a discussion on this item and then consider the issue of continuance. Vice Chair Hillgren seconded the substitute motion which carried (4 – 3).

AYES: Brown, Hillgren, Toerge, and Tucker
NOES: Ameri, Kramer, and Myers

Commissioner Tucker clarified the content of the email received and noted the need for providing housing for all segments of the community through inclusionary zoning. He inquired regarding Regional Housing Need Assessment (RHNA) requirements and their application to the Housing Element.

Mr. Murillo noted that the City was able to show how it is accommodating regional housing needs and addressed RHNA carry-overs through housing cycles. He addressed creation of an overlay in the airport area and creation of a zoning designation that accommodates lower-income needs.

Discussion followed regarding the existing unmet housing needs, RHNA differences between planning periods, and programs in place to meet existing and projected housing needs.

In response to Commissioner Tucker's inquiry, Mr. Murillo noted that the General Plan sets forth planning for a thirty-year period.

Ensuing discussion followed regarding the flexibility of the Inclusionary Housing Ordinance.

Interested parties were invited to address the Planning Commission on this matter.

Mike Balsamo, BIA of Orange County, expressed support for housing for all segments of the community but stated that inclusionary zoning is not a free-market solution and highlighted points expressed in his letter. He reported that inclusionary zoning is not a requirement for the approval of a jurisdiction's Housing Element. He addressed the RHNA goal and felt that inclusionary housing is a barrier towards the production of affordable housing and listed other challenges with inclusionary zoning as well as a related on-going legal case. He suggested that the City remove the mandate and allow for a more fluid, voluntary process.

Vice Chair Hillgren commented on the challenges with fees, but questioned how affordable housing development could be constructed without inclusionary zoning due to high land costs in the City.

In response to the inquiry from Vice Chair Hillgren, Mr. Balsamo listed actions that could be taken to facilitate the process and provide incentives for development.

Commissioner Tucker addressed the difficulties in expediting approvals due to CEQA and other regulatory requirements and inquired regarding the benefits of the density bonus.

Mr. Balsamo commented that State law sets forth the density bonus for a certain level of affordability.

Jim Mosher commented on the interchanging of "elderly" and "senior" and suggested using the latter throughout the Housing Element. He noted that development has been restricted in the City by the "Greenlight" provision and commented about that restriction not being included within the Housing Element.

Additionally, he indicated that the old City Hall parcel was not included within the element as the possible location of a future housing opportunity.

There being no others wishing to address the Planning Commission, Chair Toerge closed the public hearing.

Discussion followed regarding typographical errors within the document.

Commissioner Kramer withdrew his original motion.

Motion by Commissioner Tucker and seconded by Commissioner Brown to recommend the City Council authorize submission of the draft of the 2014-2021 Housing Element Update to the Department of Housing and Community Development.

Vice Chair Hillgren asked Commissioner Tucker if he would consider adding a recommendation that the City Council look at the fees charged to ensure consistency with the market. He indicated the desire to ensure that fees do not keep the City from generating more housing units.

Mr. Murillo commented on inclusionary housing fees noting that they are adjusted annually based on the changes of new home prices.

Discussion followed regarding a constraints analysis that was prepared in conjunction with the adoption of the ordinance and also included in the Housing Element, housing program in place that requires periodic review of the Inclusionary Housing Ordinance to ensure it does not result in development constraints, and the flexible options for compliance with the ordinance.

Commissioner Tucker stated he would not agree to include additional language to his motion.

The motion carried (7 – 0).

AYES: Ameri, Brown, Hillgren, Kramer, Myers, Toerge, and Tucker
NOES: None

VIII. STAFF AND COMMISSIONER ITEMS

ITEM NO. 6 MOTION FOR RECONSIDERATION - None

ITEM NO. 7 COMMUNITY DEVELOPMENT DIRECTOR'S REPORT

Ms. Wisneski reported on a recent City Council study session where lot mergers were considered and the City Council's direction to have the Planning Commission reconsider the issue and potential regulations affecting residential lot mergers. In addition, she announced the upcoming Civic Center grand-opening celebration.

It was suggested that the Planning Commissioners review the Council meetings where lot mergers were discussed in order to obtain clarification of the City Council's expectations. Staff would provide the Commissioners links to the related Council meetings.

ITEM NO. 8 ANNOUNCEMENTS ON MATTERS THAT THE PLANNING COMMISSION MEMBERS WOULD LIKE PLACED ON A FUTURE AGENDA FOR DISCUSSION, ACTION, OR REPORT

Brief discussion ensued regarding items for future agendas and the dates of upcoming elections of Commission officers.

ITEM NO. 9 REQUESTS FOR EXCUSED ABSENCES

Commissioner Kramer reported that he will be gone the entire month of June.

Attachment No. PC 4

May 14, 2013 City Council Minutes

public hearing.

The motion carried by the following roll call vote:

Ayes: Council Member Gardner, Council Member Petros, Mayor Pro Tem Hill, Mayor Curry,
Council Member Selich, Council Member Henn, Council Member Daigle

13. ORDINANCE NO. 2013-13: DISESTABLISHING THE BALBOA VILLAGE BUSINESS IMPROVEMENT DISTRICT. [100-2013]

City Manager Kiff provided a brief staff report and highlighted the recommendation.

Mayor Curry opened the public hearing. Hearing no testimony, he closed the public hearing.

Motion by Council Member Henn, seconded by Council Member Petros to introduce Ordinance No. 2013-13, *An Ordinance of the City Council of the City of Newport Beach Repealing Ordinance No. 95-4 and Ordinance No. 98-4 and Dsestablishing the Central Balboa Business Improvement District, aka the Balboa Village Business Improvement District, and pass to a second reading on May 28, 2013.*

The motion carried by the following roll call vote:

Ayes: Council Member Gardner, Council Member Petros, Mayor Pro Tem Hill, Mayor Curry,
Council Member Selich, Council Member Henn, Council Member Daigle

14. 2014-2021 HOUSING ELEMENT UPDATE (PA2012-104). [100-2013]

Community Development Director Brandt introduced Associate Planner Murillo for a brief overview of the proposed Housing Element for the next cycle. She noted that it is an 8 year cycle, that the Housing Element was certified by the State in 2010, and that it was updated to reflect the most recent census data and provide an update of the status of the various programs.

Associate Planner Murillo utilized a PowerPoint presentation to address the background, description of the Housing Element, the Housing Element update process, existing housing needs, projected housing needs, housing programs, and accomplishments, as well as approved housing developments. He listed new housing programs, revisions to existing housing programs, and next steps.

Discussion followed regarding the definition of "moderate income", housing affordability in Newport Beach, allowed uses of in-lieu funds, covenants related to The Irvine Company units, units that will lose their affordability designation, funds expended in protection of affordable units, consequences of eliminating the Inclusionary Housing Ordinance, other incentives for housing developers to build affordable units, available options, the ability of the City to demonstrate capacity for the defined housing need, consistency of the ordinance with the City's needs, benefits of the Inclusionary Housing Ordinance, achieving desired objectives through Development Agreements, remaining opportunities for significant Inclusionary Housing Ordinance benefits, related General Plan and Zoning Code allowances, and provisions and residential overlays.

It was noted that the City is doing very well through the various allowed vehicles (density bonuses, development agreements, etc.) and has achieved its requirements far into the future. Brief discussion followed regarding the Inclusionary Housing Fund balance and legal

or regulatory risks related to eliminating the Inclusionary Housing element.

Community Development Director Brandt reported that it is one of the tools allowing the City to meet the requirements of State law; however, given the City's lowered Regional Housing Needs Assessment (RHNA) allocation and its demonstrated commitment, she expressed the opinion that it would be a problem and commented on the possibility of having that discussion with the Department of Housing and Community Development (HCD) and returning to Council if there would be a problem.

Council Member Henn suggested the possibility of having the Planning Commission study the matter. Community Development Director Brandt reported that the Housing Element needs to be completed by October, 2013. She indicated that it would be important for staff to have dialogue with the State and noted that the consideration at this time is for the submission of a draft document, not to approve the document. She reported that the State will review the document and respond with written comments. At this point, she indicated that it would be appropriate to have a dialogue with the Planning Commission for additional amendments or changes.

Discussion followed regarding eliminating the Inclusionary Housing Ordinance at this time and reinstating it in the future, if needed.

Mayor Curry opened the public hearing.

Mike Balsamo, Building Industry Association (BIA), County Chapter, thanked staff for including them in stakeholder meetings and noted the organization's support of providing housing to people of all economic levels in society. He referenced a letter to the City and believed that the Inclusionary Housing Ordinance is no longer required given the low RHNA allocation to the City. He commented on the option of using it on rental programs and continuing some of the existing programs. Mr. Balsamo stated that new housing would generally improve pricing in the market and believed that fees could drive up costs and that the program as it exists today is a disincentive to new housing. He addressed the high in-lieu fees in the City and noted that the City has been able to get to its end goal through Development Agreements.

Jim Mosher stated that, since Council usually does the opposite of what he recommends, he would recommend repealing the Inclusionary Housing Ordinance.

Hearing no further testimony, Mayor Curry closed the public hearing.

Mayor Curry reported that he will support repealing the Inclusionary Housing Ordinance and that, in actuality, it drives up the cost of housing in the City. He noted that density bonuses provide market-based incentives which have resulted in developers exceeding expectations. He believed that the Inclusionary Housing Ordinance provides advantages to certain developers over others.

Motion by Council Member Daigle, seconded by Mayor Pro Tem Hill to a) remove the Inclusionary Housing Program from the Draft 2014-2021 Housing Element; and b) authorize submission of the Draft 2014-2021 Housing Element Update to the Department of Housing and Community Development.

Council Member Petros indicated that this is one example of the City's success in policy.

The motion carried by the following roll call vote:

Ayes: Council Member Petros, Mayor Pro Tem Hill, Mayor Curry, Council Member Selich,
Council Member Henn, Council Member Daigle
Noes: Council Member Gardner

**15. 441 OLD NEWPORT MEDICAL OFFICE BUILDING APPEAL - CONDITIONAL USE
PERMIT NO. UP2011-011. [100-2013]**

Assistant Planner Whelan provided a staff report and utilized a PowerPoint presentation to discuss the use permit request, off-site parking, site location, details of the project, site plan, proposed parking layout, and on-site and off-site circulation. She reported that the agreement would be binding upon change of ownership and that change to the use or access of the off-site lot would require additional review. She addressed the Planning Commission's concerns.

Mayor Curry invited the applicant to address Council on the matter.

Raquel Gillen, representing the applicant, presented photographs of the subject site, including the improved parking lot.

Ali Parvaneh, Attorney representing the applicant, believed that the reciprocal agreement more than covers the additional parking requirement, should be considered, and provides an easement that could handle an additional 24 vehicles on the property. He addressed exclusivity to the easement and access to Parcel B.

Discussion followed regarding the easement running with the land until 2050, availability of the off-site parking spaces throughout the agreement and during business hours, effects of future developments and uses, the possible inclusion of a condition to reduce use or seek alternative remedies if parking availability is reduced, and the effects of the bankruptcy proceedings to the Sid Soffer property.

City Attorney Harp expressed concerns regarding whether use of the parking spots within the designated hours is exclusive or not and what impact the bankruptcy proceedings will have on the agreement. He noted that there is a Condition of Approval that ties the parking situation to medical use.

In response to Council questions, Community Development Director Brandt indicated that the bankruptcy proceedings must be completed and awards given to the property owner so that building permits can be issued in order for the medical offices to move forward. She added that building permits must be issued under the authorization of the property owner and that this will be needed in order for the applicant to make improvements to the adjacent parking lot. Council noted that there may be a lack of recourse should the applicant lose access to the off-site parking.

Mr. Parvaneh presented a photograph showing parking lifts as an option if they lose access to off-site parking. He added that in the event they lose the off-site parking, the applicant would be in breach of the tenant lease agreements and would be responsible for providing alternative parking solutions or reducing the medical use. Ms. Gillen noted that they have corroborated with staff regarding the stacked parking proposal and that valet service will be available to park the cars in the lifts.

Mayor Curry opened the public hearing.

Dr. Richard Haskell, owner of buildings adjacent to the subject property, expressed concern with the lack of parking in the area and stated that they will be severely impacted by the

Housing Element Update

2014-2021



Planning Commission
August 22, 2013



What is the Housing Element?



- Sets 8-year plan to meet the **existing** and **projected** housing needs of all economic segments of the community
- Identifies constraints to the development and maintenance of housing
- Establishes goals, policies, and programs pertaining to housing needs

Housing Element Update



- Two Public Workshops
- April – Commission reviewed Draft and recommended City Council authorize submission to HCD
- May – Council removed Inclusionary Housing Program HP 2.2.1 and authorized submission to HCD
- After a review by HCD only minor changes have been made to the draft

Changes to Initial Draft

- Removed Inclusionary Housing Program HP 2.2.1
- HP 3.1.3 revised to require the development of a list of pre-approved incentives for affordable housing
- New HP 5.1.8 - implement outreach program with the RCOC to provide residents information on programs for developmentally disabled
- Public Outreach List

HCD Approved Final Draft



- After Adoption of 2014-2021 Housing Element by City Council it will be found in compliance with State Law
- On target for meeting the state's deadline for adoption – qualify for next update in 8 years





For more information contact:

Jaime Murillo
949-644-3209
jmurillo@newportbeachca.gov
www.newportbeachca.gov

Melinda Whelan
949-644-3221
mwhelan@newportbeachca.gov
www.newportbeachca.gov

Housing Affordability in Newport Beach



Income Group (defined as % of County MFI \$85,300)	Median Income (4-person family)	Two- Bedroom Rental (Max. Rent)	Two-Bedroom Ownership (Max. Sales Price)	Housing Affordability
Extremely Low (<30% MFI)	\$28,900	\$722.50	\$86,700	Affordable/Assisted Rental Housing Units
Very Low (<50% MFI)	\$48,150	\$1,203.75	\$144,450	
Low (51-80% MFI)	\$77,050	\$1,926.25	\$231,150	Affordable/Assisted Rental Housing Units *Limited Market Rate Rentals Opportunities
Moderate (81-120% MFI)	\$102,350	\$2,558.75	\$307,050	Market Rate Rentals

Projected Housing Needs



- 2014-2021 Regional Housing Needs Assessment
 - 5 units (reduced due to recession)
 - 1,914 units in previous RHNA
- Growing senior population- 19% of population
- 10 affordability covenants (376 units)
 - 7 covenants set to expire
 - 153 units at-risk of conversion

Overview of New Housing Programs



- **Housing Program 1.1.2:** Investigate the use of grants or loans to fund rehabilitation program, if a significant need is identified, to encourage preservation of existing housing stock.
- **Housing Program 1.1.4:** Promoting the Residential Building Records Program to reduce and prevent residential violations.
- **Housing Program 5.1.7:** Promoting senior citizen independence through supporting housing services related to in-home care, meal programs, counseling, and maintenance of the Oasis Senior Center and its programs
- **Housing Program 5.1.8:** Implement an outreach program with the Regional Center of Orange County to inform residents of programs for the developmentally disabled.

Revised Housing Programs



- **Housing Program 3.1.3:** Revised to require the preparation of a pre-approved list of incentives for building affordable housing.
- **Program 4.1.1 and 4.1.4:** Revised to include promotion of availability of Affordable Housing Fund as a funding source for preservation of at-risk housing.
- **Housing Program 5.1.3:** Revised to include promotion and facilitation of the development of senior accessory dwelling units.

- 2008-2014 HE- recently adopted in 2011 and found compliant with state law
- Updated statistical data and housing analysis
- Review of goals and programs – goals unchanged, maintain most existing programs with only a few changes identified as necessary, completed programs have been eliminated or revised
- Revised Quantified Objectives for new construction, rehabilitation, and preservation
- 2 public workshops, PC, CC and AHTF meetings